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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC No. 04871-84/1
28 August 1984

MEMORANDUM FOR: See Distribution

FROM: George Kolt
National Intelligence Officer for Europe

SUBJECT: Warning and Forecast Report for Europe

1. Attached is my report to the DCI based on our meeting held 22 August 1984. If there are any significant amendments or additions you would wish to make, please let me know.

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2. Next month's warning meeting will be on 19 September 1984 at 1015 in room 7-E-62, CIA Headquarters. Please have your clearances passed and call with names of the attendees by noon 20 September 1984.

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3. I also encourage you to phone in suggestions for the agenda and proposals to make opening presentations. It would be helpful to have your comments for the next meeting by Monday, 10 September 1984.

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George Kolt

Attachment:
a/s

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MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: George Kolt
National Intelligence Officer for Europe

SUBJECT: Warning and Forecast Report for Europe

I. France: Prospects for the New Government

A. Analysts believe the second half of 1984 will prove easier for the Mitterrand government than the first. The opposition forces are in some disarray and the economic recovery program, which will remain the government's number one priority under new Prime Minister Fabius, is working (albeit slowly). Fabius will probably downplay the inflammatory issues of educational reform and a referendum to change the constitution. He will also try to work with center-right parties on issues like social security reform. The two key challenges facing the government over the next six months are labor unrest and electoral reform. Although labor leaders are warning of a hot autumn, they do not seem to have gained any strong support within the rank-and-file for large-scale strike actions. If Mitterrand reveals his thinking on the electoral reform issue, it is likely to spark controversy as it would affect the future electoral prospects of all parties.

Cheysson's upcoming visit to Washington (19-21 September) and his participation at the EC-Central American foreign ministers meeting scheduled for late September are likely to be his last major foreign policy actions. He is widely viewed as a lame-duck foreign minister and is coming here at the personal invitation of the Secretary of State. Thus, analysts believe that he will bring little in the way of new French initiatives, but rather will be collecting impressions on what a second Reagan Administration's views and actions will likely be

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on the Middle East, arms control, and Central American policy. Since Cheysson will be traveling to Latin America after his Washington trip, some analysts believe that Central America could be a major focus of his discussions. In view of his long standing interest in Third World issues he may also want to discuss the problem of LDC debt.

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II. The Two Germanies: East and West European Perspectives

A. Discussion

The discussion highlighted two possible interpretations of recent Soviet actions on inner-German relations. One holds that Moscow is so concerned about its weakened control over East Berlin and Bonn's alleged attempt to use economic levers to undermine East German ties with the Warsaw Pact that it is using its campaign against Bonn's "revanchism" to warn East Berlin and maintain discipline within the East European camp. The other view holds that there is no major split between Moscow and East Berlin and that the recent Soviet press campaign is primarily designed to dampen West German hopes for greater humanitarian concessions. Most analysts hold the second view, arguing that Moscow would have taken action stronger than a Pravda article in case of a major disagreement. Nonetheless, all analysts agree that Moscow probably has greater concerns about the long-term implication of inner-German ties for East European developments and is putting both German capitals on notice that they must be careful. Some analysts believe that Moscow may already be somewhat reassured that Foreign Minister Genscher's statements favoring a renunciation of force agreement indicates that the message was received in Bonn.

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While analysts believe that Moscow could intervene any time it wished, they believe that the Honecker visit to West Germany in late September is likely to occur. More importantly, Honecker is likely to get more out of the meeting than Chancellor Kohl. East Berlin will have gained another large credit to strengthen its foreign exchange position, and the visit will further legitimize the regime both domestically and internationally. Reports from Bonn suggest that Bonn is not likely to press for any major concessions on humanitarian issues.

While drawing some benefits from the trip's symbolic value, Kohl will have to answer to the criticism of the public, the SPD and even of some of his own party members over Bonn's agreement to a credit deal that does not include East German concessions for freer travel to East Berlin. Somewhat paradoxically the opposition is also likely to press Kohl to consider moderating standing West German objections to East Berlin's demands that its citizenship be recognized and that the Salzgitter center be abolished. Some analysts believe that the Chancellor might feel obliged to be more responsive to the GDR demands at the risk of alienating some in his own party, or he might lean toward a Genscher line of emphasizing an East-West German role in disarmament discussions in ways that complicate the present NATO position on INF and CDE.

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George Kolt

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